

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-785

December 7, 1999

MADISON WATER DISTRICT
Application for Approval of Issue
Of Securities (\$ 902) (\$120,000)

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

On, November 8, 1999 the Madison Water District(the District) filed with the Commission its application for authority to issue its bond in a sum not to exceed \$120,000 through the U.S. Department of Agriculture, Rural Development, at an annual rate not to exceed 3.25 percent. The debt will be paid over a term not to exceed 40 years.

The District requires these funds to construct a 500,000 gallon reservoir. The Town of Madison is in the process of building a business park. The park requires town water, which the District cannot supply without a booster station and a reservoir. The money that the District seeks to borrow here would be used exclusively for the reservoir. The town had originally planned to finance the entire business park itself, but fell \$587,913 short of the funds needed. In order to complete the park, the town asked the Water District to fund \$420,000. Madison Water District will be applying for a \$420,000 grant/loan from U.S.D.A. The loan portion will be \$120,000 and the grant portion will be \$300,000. The District here seeks authority to issue its bond for the \$120,000 loan portion.

The proposed loan is unusual because it is to finance additions to the District's water system in order to serve a proposed business park. Under our Chapter 65, those additions should be financed by the Town of Madison (the developer). Moreover, the District, in July 1990, elected to make no investment in water main extensions pursuant to 35-A § 6106. The District's proposed investment in the reservoir to serve the proposed business park is thus contrary to its own established policy of no investment in main extensions.

We will, nevertheless, permit the District to proceed with the bond. The annual cost - \$5,404 - is de minimus when measured against the District's annual operating budget of \$418,710. Any impact on rates would similarly be de minimus. We caution the District, however, that this approval shall neither be precedent for its future investment activities, nor an endorsement of its decision to vary from the investment requirements of Chapter 65(65 CMR 407-65) and the District's own investment policy.

Pursuant to an Amended Delegation Order dated January 9, 1996 in Docket No. 93-169, the Commission delegated to the Director of Finance its authority under 35-A M.R.S.A., Chapter 9, and 11, to approve water utility financing applications, including those that involve mortgaging utility property, for MMBB, RECDA and their successors. This delegation does not limit the Commission's authority to review the decision of the Director of Finance pursuant thereto or to consider directly requests for variances.

Having reviewed the application of the District, together with data filed in support of it, it is the opinion of the Commission that the proceeds of the issuance of the bond are required in good faith for the purposes enumerated in 35-A M.R.S.A. § 901. In approving this securities issue, consistent with normal practice and pursuant to §902 (4), the Commission does not imply approval of the District's capital needs or capitalization ratio for ratemaking purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Accordingly, pursuant to the Amended Delegation Order dated January 9, 1996, in Docket No. 93-169, I

O R D E R

1. That the Madison Water District is hereby authorized to issue its bond in a sum not to exceed \$120,000 to be used solely for the purposes described in this Order, and at a rate not to exceed 3.25 percent per year through the U.S. Department of Agriculture, Rural Development for a term not to exceed 40 years.
2. That the District report to the Commission, in writing, its actions pursuant to this Order within sixty(60) days of the date of the issue of the proposed bond, or February 29, 2000, whichever may come first.
3. That a copy of this Order be mailed to interested parties and this Docket be closed.

Dated at Augusta, Maine, this 7th day of December, 1999.

BY ORDER OF THE DEPUTY DIRECTOR
OF FINANCE

Richard Kania
Deputy Director of Finance

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

